

Message Text

UNCLASSIFIED

PAGE 01 LONDON 03859 271636Z

62

ACTION AGR-20

INFO OCT-01 EUR-25 IO-14 ISO-00 EB-11 COME-00 CIAE-00

INR-10 NSAE-00 RSC-01 TRSE-00 TAR-02 L-03 DODE-00

PA-04 USIA-15 PRS-01 SPC-03 SAJ-01 STR-08 SS-20 NSC-07

AID-20 DRC-01 OMB-01 /168 W
----- 106966

R 271624Z MAR 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9087

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY PARIS

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

UNCLAS LONDON 03859

PASS AGRICULTURE FOR KIGER, TOBACCO DIVISION GENEVA FOR GATT

E.O. 11652: N/A

TAGS: EAGR

SUBJECT: STEEP INCREASES IN UK TOBACCO DUTIES ANNOUNCED
IN BUDGET

1. IN THE FIRST BUDGET OF THE NEW LABOUR GOVERNMENT
ANNOUNCED MARCH 26, 1974, ALL DUTIES ON UNMANUFACTURED
TOBACCO WERE RAISED BY A FLAT 1.40 POUNDS PER LB. THE/

NEW DUTIES WENT INTO OPERATION AT MIDNIGHT MARCH 26.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 03859 271636Z

2. AS AN EXAMPLE, THE FULL RATE OF DUTY ON ITEM 24.01

A, I ROSE FROM 4.271 POUNDS PER LB. PLUS 6 PERCENT AD VALOREM TO 5.671 POUNDS PER LB. PLUS 6 PERCENT AD VALOREM. THIS IS THE DUTY WHICH IS NOW PAYABLE ON US AND OTHER NON-COMMONWEALTH, NON-COMMUNITY LEAF IN THIS CATEGORY. THE RATE ON COMMUNITY LEAF IN THIS CATEGORY GOES UP TO 5.671 POUNDS AND THE COMMONWEALTH RATE TO 5.6248 POUNDS PER LB. PLUS 6 PERCENT AD VALOREM. THERE IS THUS NO CHANGE IN THE MONEY DIFFERENTIALS BETWEEN THE FULL, COMMUNITY AND COMMONWEALTH RATES.

3. THE NEW TOBACCO TAX STRUCTURE IS, HOWEVER, COMPLICATED BY THE VAT ELEMENT. THE AMOUNT OF VAT PAYABLE WILL RISE BECAUSE IT IS LEVIED ON A VALUE WHICH INCLUDES THE DUTY.

4. AT RETAIL LEVEL, THE PRICE OF AN "AVERAGE" PACKET OF 20 CIGARETTES WILL RISE BY 5 PENCE. FOR EXAMPLE, STANDARD SIZE TIPPED BRANDS WILL GO UP FROM A RECOMMENDED PRICE OF 27 PENCE TO 32 PENCE, AN INCREASE OF 18 1/2 PERCENT. BRANDS ABOVE OR BELOW AVERAGE TOBACCO WEIGHT WILL RISE BY ONE PENNY OR MORE ABOVE OR BELOW THE AVERAGE. KING SIZE BRANDS MAY THEREFORE GO UP BY AS MUCH AS 7 PENCE PER PACK FROM 30 PENCE TO 37 PENCE WHILE SMALLER BRANDS MAY RISE BY ONLY 3 OR 4 PENCE. CORRESPONDING INCREASES WILL OCCUR IN RETAIL PRICES OF CIGARS AND PIPE TOBACCO. A PACKET OF 5 SMALL CIGARS WILL GO UP BY 3 PENCE WHILE AN OUNCE OF PIPE TOBACCO BETWEEN 9 AND 10 PENCE PER OUNCE. THESE ADJUSTMENTS IN RETAIL PRICES TAKE INTO ACCOUNT THE LARGER TAXES PAYABLE UNDER VAT.

ANNENBERG

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CUSTOMS DUTIES, TOBACCO, RETAIL PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 27 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON03859
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740066-1027
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740312/aaaaaklb.tel
Line Count: 93
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AGR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 18 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 JUL 2002 by elbezefj>; APPROVED <22 JUL 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: STEEP INCREASES IN UK TOBACCO DUTIES ANNOUNCED IN BUDGET
TAGS: EAGR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005